

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES		1. TRANSMITTAL NUMBER <u>0 3 - 0 2 0</u>	2. STATE Indiana
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
5. TYPE OF PLAN MATERIAL (Check One) <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT		4. PROPOSED EFFECTIVE DATE April 1, 2004	
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION <u>42 CFR 440.20</u>	7. FEDERAL BUDGET IMPACT a. FFY <u>2004</u> \$ <u>[0.8 million]</u> b. FFY <u>2005</u> \$ <u>[1.6 million]</u>		
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19B, pg 2	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) Attachment 4.19B, pg2		
10. SUBJECT OF AMENDMENT outpatient hospital reimbursement			
11. GOVERNOR'S REVIEW (Check One) <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL <u>Melanie Bella</u>	16. RETURN TO Melanie Bella, Asst Secretary Indiana Office of Medicaid Policy and Planning 402 West Washington, Room W382 Indpls., IN 46204 ATTN: T Brunner, Plan Coordinator		
13. TYPED NAME Melanie Bella	17. DATE RECEIVED 12/16/03		
14. TITLE Asst Secretary, OMPP	18. DATE APPROVED 2/26/04		
15. DATE SUBMITTED 12/9/2003	FOR REGIONAL OFFICE USE ONLY		
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL 4/1/04	20. SIGNATURE OF REGIONAL OFFICIAL <u>Cheryl A. Harris</u>		
21. TYPED NAME Cheryl A. Harris	22. TITLE Associate Regional Administrator Division of Medicaid and Children's Health		
23. REMARKS			

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FREE STANDING CLINIC SERVICES

The Office of Medicaid Policy and Planning (OMPP), in accordance with 42 CFR 447.325, will not pay more than the prevailing charges in the locality for comparable services under comparable circumstances.

OUTPATIENT HOSPITAL SERVICES

The reimbursement methodology for all covered outpatient hospital and freestanding and provider-based ambulatory surgical care center services shall be subject to the lower of the submitted charges for the procedure or the established fee schedule allowance for the procedure as provided in this section. Services shall be billed in accordance with provider manuals and update bulletins.

- (a) Reimbursement for outpatient surgical procedures will be based on the Indiana Medicaid statewide allowed amount for that service in effect during state fiscal year 2003. Surgical procedures shall be classified into a group corresponding to the Medicare ambulatory surgical center (ASC) methodology and shall be paid a rate established for each ASC payment group. The Office of Medicaid Policy and Planning will classify outpatient surgical procedures not classified into an ASC group by Medicare into one of the nine ASC groups designated by Medicare, or additional payment groups.
- (b) Payments for emergent care that do not include surgery and that are provided in an emergency department, treatment room, observation room, or clinic will be based on the statewide fee schedule amount in effect during state fiscal year 2003.
- (c) Payments for nonemergent care that do not include surgery and that are provided in an emergency department, treatment room, observation room, or clinic will be based on the statewide fee schedule amount in effect during state fiscal year 2003.
- (d) The fixed fee for laboratory procedures is based on the Medicare fee schedule amounts. Reimbursement for the technical component of radiology procedures is based on the statewide fee schedule amount in effect during state fiscal year 2003.
- (e) Reimbursement allowances for all outpatient hospital procedures not addressed elsewhere in this section, for example, therapies, testing, etc., will be based on the Indiana Medicaid statewide fee schedule amounts in effect during state fiscal year 2003.
- (f) Payments will not be made for outpatient hospital and freestanding and provider-based ambulatory surgical center services occurring within three (3) calendar days preceding an inpatient admission for the same or related diagnosis. The office may exclude certain services or categories of service from this requirement. Such exclusions will be described in provider manuals and update bulletins.

The established rates for hospital outpatient and freestanding and provider-based ambulatory surgical center reimbursement shall be reviewed annually by the Office of Medicaid Policy and Planning and adjusted no more frequently than every second year and in accordance with this section to ensure that revisions contain appropriate incentives for provision of primary and preventive care.